

**Iowa Communities Assurance Pool
Board of Directors
Thursday, January 10, 2008**

West Des Moines City Hall, West Des Moines, Iowa

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Pam Ward, Holly Fokkena, Tom Roth, Larry Burger and Alan Kemp. Present from American Risk Pooling Consultants: John Brockschmidt, Bal Capote, Chris Dondzila, Cindy Dieck. Present from Bilbrey Insurance Services: Ken Bilbrey, Val Bilbrey and Kasi Koehler. Present from Public Entity Risk Services of Iowa: Frank Miller.

The meeting was called to order at 9:21 a.m. CST by Mr. Smith, Chairman.

Upon motion by Mr. Mahannah, second by Ms. Ward, the agenda was unanimously approved.

No member/citizen comments were presented.

Ms. Bilbrey introduced new BISI staff members: Howard Holmstrom, underwriter; Tammy Wenck, marketing assistant; and Amy Hatten-Blaskovich, underwriter.

Upon motion by Mr. Mahannah, second by Ms. Ward, the minutes of the October 11, 2007 meeting were unanimously approved.

Mr. Smith reported, in addition to Mr. Burger joining the Board, Mr. Mahannah and Ms. Fokkena were re-elected to four year terms.

Election of 2008 Officers and Designation of Investment Committee

Upon motion by Mr. Mahannah, second by Ms. Ward, it was unanimously resolved to appoint Mr. Hageman as Board Secretary.

Upon motion by Mr. Roth, second by Mr. Hageman, it was unanimously resolved to re-appoint Mr. Smith and Mr. Mahannah as Chairman and Vice-Chairman, respectively.

Mr. Smith indicated that the officers will serve as the Investment Committee. He also invited Mr. Burger to attend the next several meetings of the Investment Committee to become familiar with the investment policies and procedures.

Claims Report

Mr. Miller reviewed casualty and property claims with reserve or recent payments of \$100,000 or more.

Mr. Dondzila discussed a recent lawsuit in Iowa regarding police strip search policies. He provided information regarding the specific case and applicable statutes. The case does not involve an ICAP member.

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Investment Committee Report

Mr. Smith reviewed the December 31, 2007 investment report provided by Keith Swanson, Smith Barney, at the committee meeting Wednesday, January 9, 2008. He indicated the following items that are not in compliance with the ICAP Investment Policy:

- a) The Tribune Company bond has been downgraded from BB to CCC+ - the committee recommends that it continue to be held.
- b) The cumulative % of the maturity distribution is out of compliance for the period of 0-36 months – this has been resolved with January 2008 anniversary deposits.

He reported the investment portfolio performance exceeded the market indexes for 2007.

Financial Report

Via teleconference, Adam Pakledinaz reviewed the ICAP financial reports as of September 30, 2007. He reviewed changes to the financial reports resulting from Board action at the October, 2007 meeting.

Mr. Mahannah recommended reporting issues related to the creation of a “Capitalization Fund” continue to be discussed at upcoming Board meetings.

Loss Control Report

Ms. Dieck reviewed the loss control efforts since the last Board meeting. She discussed the required loss control surveys completed in addition to special requests and issues.

She pointed out the number of requests for online loss control resources has increased. She reviewed the loss control email alerts, the winners of DVD players (Clay County and City of Knoxville) for use of the online resource library and upcoming projects. She also reviewed the report of loss control reviews of paid/reserved claims over \$100,000.

She provided a presentation regarding the loss control process, distribution of reports, training, consultation, member workshops and information sent to members via mailings, e-alerts, resource library and *ICAP Update*.

She provided a virtual “tour” of the Online Resource Library, which includes multimedia, printed materials, PowerPoint presentations and online training. She discussed the annual conference held for loss control representatives from all APEEP pools.

Board Members’ Fiduciary Responsibilities to ICAP

Beth Grob, Ahlers and Cooney, P.C., legal counsel to the ICAP Board of Directors,

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discussed the fiduciary responsibilities of ICAP Board members. She reviewed prior and current cases involving funds handling by public entity boards. She outlined the duties owed to the Pool – loyalty (not seeking personal gain) and duty of care (e.g.:attending meetings, reviewing documents, providing thoughtful direction). She discussed immunities in force for board members.

Mr. Capote recommended that a meeting be scheduled to assist Board members with identifying documents that address the questions outlined in Ms. Grob's presentation.

Marketing / BISI Administration Report

Mr. Bilbrey and Ms. Koehler reviewed the Marketing Report as provided in the Board handbook and reported the Association of Iowa Fairs endorsed ICAP in March 2009.

Unfinished Business

a) Pre-Audit Meetings

Mr. Mahannah reported that Plante and Moran has planned meetings prior to completion of the 2007 APEEP audit. He requested that ICAP Board members forward inquiries or concerns to him prior to the pre-audit meeting. Mr. Smith indicated that he had requested a review of how funds are handled from their initial receipt at the BISI office through the time they may be requested by ARPCO.

b) ICAP Capitalization Fund

Mr. Brockschmidt reported that Mr. Pakledinaz will be drafting reporting options for Board consideration at the April ICAP meeting.

c) Equipment Breakdown Coverage

Mr. Brockschmidt reported that recent property treaty changes now allow automatic coverage for equipment breakdown. He indicated that ICAP will provide coverage between the individual Member's deductibles and the Travelers coverage point.

New Business

a) 2008 APEEP Meeting – February 13-16

Ms. Dieck reported the 2008 APEEP meeting will have a record attendance. She outlined plans for the Board meeting, educational sessions and other events.

b) Loss Control – Online Training

Mr. Mahannah reviewed discussions by the APEEP Board of Directors regarding providing funding for free on-line training through the resource library. He

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recommended that ICAP annually provide a pre-set number of trainings per Member. Mr. Dieck reported that each on-line training session costs \$10.00 and reported that other pools have approved the expenditure.

c) APEEP Meeting Highlights and APEEP 40% Call

Mr. Mahannah reviewed the recent APEEP Board meeting. He discussed changes in property retentions by APEEP and the Member pools.

He reviewed the provision in the APEEP Joinder Agreement which requires Member Pools to contribute up to 40% of their existing Cumulative Reserve Fund (CRF) to cure any deficit in the APEEP's CRF. The provision has recently been amended to require each pool to pay a pro-rata share of \$10,000,000 in the event a call is required. He outlined the required repayment schedule, as reflected in the document.

Upon motion by Mr. Mahannah, second by Mr. Roth, it was unanimously resolved to approve the Amendment to the APEEP Joinder Agreement and that the amendment will be executed by Mr. Smith as ICAP Board Chairman.

d) ICAP Amendment - 1 A Property Rider

Mr. Brockschmidt reviewed the historical development of ICAP property coverages and the property rider to the Iowa Risk Management Agreement. He reported that the amended property rider refers to the property coverage fund versus a property Cumulative Reserve Fund. Mr. Capote provided further insight.

Upon motion by Mr. Mahannah, second by Ms. Ward, it was unanimously resolved to approve the amended Property Rider 1-A, beginning with April, 2008 anniversaries

e) ICAP Lobbying Contract Renewal

Mr. Mahannah reviewed the contract with Avenson, Oakley and Cope, which was executed in 2007 on an annual basis. He recommended that the contract be renewed for 2008 at the same cost at the 2007 contract.

Upon motion by Mr. Mahannah, second by Mr. Roth, it was resolved by a vote of 6 to 1 (Fokkena voting "No") to approve renewal of the lobbying contract with Avenson, Oakley, and Cope for 2008.

f) Proposed 2009 Board Meeting Calendar

Ms. Bilbrey presented a proposed meeting schedule for 2009. Mr. Smith asked Board members to notify her of any known scheduling issues before the April meeting.

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g) Next Regular Meeting

Mr. Smith reviewed plans for the February and April 2008 meetings.

Mr. Smith adjourned the meeting at 1:15 p.m. CST.

Respectfully submitted,

David Hageman, Secretary

DH/vjb